

CENTRAL INTELLIGENCE AGENCY

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SUPPLEMENT TO REPORT NO. 25X1X

COUNTRY Yugoslavia

**SUBJECT** Conditions of Hemp, Linen, and  
Jute Industries

PLACE 25X1A

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## Condition of the Hemp Industry in Yugoslavia.

1. Following are the hemp mills and spinning shops:

- a. Former Hemp Mill and Spinning Factory of Vlada Illic in Leskovac. The machinery is of a very old type and is not being used anywhere else in Europe because it is not profitable. Production of the hemp yarn of medium thickness (about No. 6) is approximately five hundred tons per year at ten working hours per day.
- b. Pancevo Textile Industry in Pancevo. Before the war this was one of the most up-to-date factories and was equipped with British machinery. The prewar production was 1,200 tons per year at 10 working hours per day. During the war the German occupation authorities operated this factory, but they were not able to keep the machinery in good condition because of the lack of spare parts. At present this factory is still one of the best ones in Yugoslavia, but the production is about thirty percent lower because of the lack of spare parts and because of incompetent management. In addition to spinning, this factory has 80 weaving machines on which bags and hemp cloth for military work uniforms and knapsacks are manufactured.
- c. Jute and Hemp Factory in Odzaci. This is a very old factory which was taken over from Hungary after World War I. However, this factory was renovated from time to time. The machinery is outmoded and the factory would not stand the competition of other factories in a free economic system. The machinery is of British, German, and Czechoslovakian make. This factory is still considered important because in addition to hemp it manufactures jute. The prewar production was 1,500 tons of jute bags and approximately one thousand two hundred tons of various hemp products (mainly ropes) per year. However, the lack of spare parts, skilled workers, and incompetent management has cut the present production to approximately fifty percent of the prewar production.
- d. Hemp and Linen Factory of Grosuplje (Slovenia). This spinning shop has about four hundred spinning machines of German make ("Seidl" in Bielefeld) and about three hundred spinning machines of British make ("Mackie" in Belfast). The latter ones were purchased just before the

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war broke out. This factory was manufacturing linen yarn in small quantity at that time. The total prewar production was approximately six hundred tons per year. Metod Dular was administrative and business manager.

#### Condition of the Linen Industry in Yugoslavia

#### 2. Following are the linen mills and spinning shops:

- a. The largest linen spinning shop in prewar Yugoslavia was one in Jarše (Slovenia). This factory was well organized and was financially supported by the Royal Yugoslav Government. At present it manufactures, as it did before the war, linen cloth for military tents. This shop was united with the Hemp and Linen Industry of Grosuplje and both of them are under the same management. The Manager General is Metod Dular, with office headquarters in Ljubljana. M. Dular is an old member of the Communist Party in Yugoslavia and is responsible for the execution of many people. For the same reasons as given in other factories, the Jarše shop production is at the present time not higher than 40 percent of the prewar production.
- b. Linen Mill in Osijek. This mill has 250 weaving machines. From a military viewpoint this mill is important. It manufactures cloth for military summer uniforms, knapsacks, and waterproof heavy cloth for covering material. In addition, it has well-trained workers. It is estimated that the production of this factory is about forty percent of the prewar production. This drop in production is due primarily to the lack of raw material. Before the war the raw material supplies were obtained chiefly from the Lanificio e Contonificio, Milano, Italy, some from England and Belgium, and a small quantity from the spinning shop in Jarše. This mill also has a small spinning shop in which the machinery is old and completely worn out.

#### Condition of Jute Industry in Yugoslavia

#### 3. Following are the jute mills and spinning shops in Yugoslavia:

- a. Sack and Cloth Factory in Mladenovac. This factory was the property of Dragomir Rakic and was nationalized. First, it had the name Sreten Zujovic Factory, because Sreten Zujovic was from Mladenovac. When he was arrested the name was changed to Crvena Zve Zda Factory.

This factory was the most up-to-date factory of the kind in Yugoslavia before the war. It was equipped with modern machines of British make (James Mackie & Sons, Ltd. - Belfast). This factory mainly manufactured jute sacks. Its prewar production was 2,000 tons of jute sacks per year at ten working hours per day, by processing 10 tons of semi-processed jute per day. At present the production is approximately sixty tons of jute sacks per year, and the processing of semi-processed jute is approximately three tons per day.

- b. Sack Factory in Backa Palanka. This factory was the property of a well-known corporation Hanfjute from Vienna. It had 100 jute weaving machines. The present Yugoslav regime transferred from Belgrade to Backa Palanka the jute spinning shop consisting of 800 spinning machines. Thus, this factory in addition to the previous jute weaving works, performs now the spinning of semi-processed jute.

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Recently, experiments on spinning and weaving jute combined with hemp were made in this factory. Experiments were successful, and Yugoslavia hopes to be able to reduce her importation of jute at least 20 percent.

- c. Jute Industry in Karlovac. This factory was the property of Silvio Papo. It was equipped with modern British machines. The prewar production was approximately one thousand tons per year, but present production is 250 to 300 tons per year.

#### Reasons for Low Production in Above Industries

- 4. The following are the causes of the continuous decrease of production:
  - a. Bad condition of machinery. During the war the factories were exploited by the German Army and no essential repairs were made on the machinery. Everything was going on the basis of "patching", since the Germans could not provide the spare parts. After the war the situation, with respect to this, did not change at all.
  - b. Skilled workers. Skilled workers, in order to escape the responsibility which the regime loads on them, avoid working in their profession. Most of them took jobs where no responsibility was involved; such as waiters, dishwashers, barbers, et cetera. They are satisfied just to be working in order that they might have a ration card and not be picked up as an unemployed and be sent to work in the mines.
  - c. Disinterest of workers. The workers are disinterested in their work because they are treated badly by the so-called "Personalci" (personnel supervisors), who are Communist Party people and UDB spies lacking any knowledge of the work performed. Continuous meetings designed to enlighten the workers are found exhausting.
  - d. Workers are not satisfied. The workers are not satisfied with the salary they receive, since the deductions for various Communist Party funds, official publications, and compulsory state loans in practice are too high. Daily earnings of a weaver or spinner in any textile shop are on the average 150 dinars. At the same time, one kilogram of dry beans, which is the most popular food, costs 100 dinars.
  - e. Lack of raw material. For example, jute has to be imported from England or India and paid for on a cash basis. Earlier supplies were paid for in dollars. Presently Yugoslavia has neither dollars nor British pounds, and the acquisition of jute becomes extremely difficult. With slight variation, this applies to other raw material Yugoslavia has to import from abroad.
  - f. Incompetent management. An illustration of this problem is the situation in the Crena Zvezda Factory in Mladenovac.

First, the manager of the factory was a lawyer from Tuzla (Bosnia) by the name of Milic. He had no idea about the work. Then, Obrad Ilic, a worker in the sack factory, became manager. He knew very little about the work he had to perform. However, he was transferred to Belgrade to a textile mill which manufactured heavy woolen cloth for military uniforms. (This was previously the Vlada Ilic Factory and is located near the Pancevo Railroad Bridge on the Danube River. This mill is the largest one of its kind in the country.) In addition to this position, Ilic was appointed a Director General of Textile Industry of the People's Republic of Serbia.

Misa Knezevic, former worker in the sack factory in Mladenovac, became a manager of the biggest factory of iron products of Yugoslavia.

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Godjevac Factory.) This factory manufactures iron beds, safes, iron furniture, and all iron items for construction of buildings.

In contrast, an experienced master and weaving section leader in the Mladenovac Factory, Lazar Pantic, left the factory and went to work in a coffee shop because he did not want to work under the leadership of incompetent chiefs. Finally, under threat of arrest and deportation to the Bor mines, he returned to his work.

The recent technical manager of the Mladenovac Factory was Korunovic, an undergraduate student and journalist by occupation. The only qualification he had for this position was his membership in the Communist Party of Yugoslavia.

Production of Hemp in Yugoslavia

5. In the production of hemp Yugoslavia occupies third place in Europe, following USSR and Italy. The prewar Yugoslavia production of hemp fibers averaged 35,000 tons per year. Approximately three thousand tons were manufactured in the country and the rest was exported. The average after war production was 20,000 tons per year. It is not expected that this year's production will exceed 10,000 tons. This is due to the excessive drought Yugoslavia had during this summer and part of the spring.

Processing of Hemp in Yugoslavia

6. The processing of hemp is carried out by using so-called "Schwing Turbines". There are no new replacement parts for these machines, but since they are not of a very complicated structure the old ones keep working on the basis of repairs and patching. However, most of the hemp is being processed by use of peculiar wooden machines called, svinga, which can be easily built. These wooden machines are operated by transmission belts which in turn are operated by a motor. Following are the hemp processing shops in Yugoslavia:

a. In Backa

Backi Jarak - small shop  
Temerin  
Nadalj  
Zabari  
Ada  
Stari Becej - new large shop  
Srbobran - medium shop  
Mali Idjos - new large shop  
Backa Topola - medium shop  
Gornja Rogatica - small shop  
Stara Moravica - small shop  
Bajmok - small shop  
Sombor - new large shop  
Apatin - two medium shops  
Senta  
Prigrevica Sveti Ivan  
Stapar  
Veprovac  
Ruski Krstur  
Filipovo (presently Backi Gracac)  
Srpski Miletic

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Lalic (near Odzak)  
Parabuc (presently Ratkovo)  
Bac  
Bogojevo  
Bodjani  
Vajska (near Bac)  
Plavna (near Bac)  
Veliko Novo Selo  
Tovariscevo  
Backa Palanka - medium shop  
Cib (presently Celarevo)  
Glozan  
Backi Petrovac  
Kulpin - two large shops in good condition  
Despot Sveti Ivan (presently Vasiljevo)  
Torza (presently Savino Selo)  
Kula  
Stari Sivic  
Vrbas  
Backo Dobro Polje (near Vrbas)  
Zmajevac (Staro Pasicevo near Vrbas)  
Kisac (near Novi Sad)  
Bukin (near Bac)

b. In Banat

Hajducica - medium shop  
Marijolana (Plandiste)  
Srpska Crnja (on the border with Rumania)  
Rusko Selo  
Kozarci (previously Heisfeld) on the border with Rumania)  
Velika Kikinda  
Pancevo (Large factory on which construction is not yet completed)  
It was erected far from the railroad line and far from  
the Danube River and is near the Pancevo Cotton Factory.  
Rumenka (9 kilometers from Novi Sad)

c. In Croatia

The "Vukovarska" - hemp processing shop - it is the biggest hemp  
processing shop in Yugoslavia. Its production is about  
10 tons of hemp fibers per day. It is located near Borovo.  
Seles (Railroad Station Tenjski Antunovac)  
Vladisavci  
Viskovci (near Djakovo)  
Darda  
Luzani (near Nova Kapela)  
Crnkovci  
Vinkovci

d. In Serbia

Vranje  
Sabac - a new, rather large shop  
Doljevac (near Leskovac) - under construction  
Cicevac - small shop and a new one under construction  
Veliko Orasje - newly constructed and operating, but will be abandoned  
since the location is not suitable for this kind of work.

It should be noted that the hemp processing shop in Bodjani (14 kilometers  
from Bac) is a fairly large shop. It has 40 spinnage machines and in eight  
working hours produces 4.5 tons of hemp fibers.

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At present, there are five new large hemp processing shops, one each being located in Sombor, Stari Becej, Mali Idjos, Rumenka, and Pancevo.

Total monthly production of all the hemp processing shops is approximately one thousand five hundred tons of hemp fibers, but the Government insists that the production be 1,800 tons per month.

All hemp processing shops are under the control of the Main Directorate of Hemp and Linen in Novi Sad. Director is Djuric.

#### Exportation of Hemp

7. In 1949 Yugoslav hemp was exported to the following countries:

- |                   |            |
|-------------------|------------|
| a. Czechoslovakia | 6,000 tons |
| b. Poland         | 2,000 tons |
| c. Hungary        | 1,000 tons |
| d. Austria        | 1,000 tons |
| e. Bulgaria       | 300 tons   |

Shipments to Czechoslovakia were designated for the Agency (corporation?) Jutaspol; shipments to Poland were designated for Bjelsko and Chestohovo; and shipments to Austria were designated to Wiener Neustadt.

A short time before May 1950, a total of 720 tons of hemp were shipped to Czechoslovakia via Austria. The deal was negotiated in Switzerland.

Regarding the prices of Yugoslav hemp for Poland and Czechoslovakia, these are different for every shipment. Thus, the price for the last shipment of 720 tons of hemp to Czechoslovakia was 800 U.S. dollars per ton. This was two hundred percent higher than that offered to England in July 1950. The price depends on what articles are given in exchange for hemp. For the last shipment of hemp, Czechoslovakia gave to Yugoslavia various chemical products and porcelain technical items.

#### System of By-Passing Cominform Countries' Blockade

8. In order to continue commercial exchange and trade with Russian satellites after the rupture of political relations, Yugoslavia established so-called camouflaged trade agencies abroad. Yugoslavia has two such agencies for trade with the Cominform countries.

- In Switzerland there is Intermerkur, Zurich, (this is the cable address) and the manager is Milosavljevic. This agency deals for the most part with Czechoslovakia and Poland.
- In Austria there is definitely such an agency, but the informant was unable to furnish any information concerning this agency.

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